



State of Arizona  
**Department of Education**

**Tom Horne**  
Superintendent of  
Public Instruction

January 18, 2007  
FD 19-07

**TO: National School Lunch Administrators  
Commodity Contacts**

**FROM: Tina Herzog, Program Director  
Food Distribution Program**

**SUBJECT: Commodity Processing and Group B Surveys for SY 2008**

**BEFORE COMPLETING EACH SURVEY  
PLEASE READ THIS ENTIRE DOCUMENT**

For SY08, the Food Distribution Program and ADE Procurement have extended the contracts of 33 processing vendors and added contracts for 8 new processors. The approved vendor products can be found in the Processing Catalog on the CNP 2000 web-based ordering system. Processing Surveys will again be submitted on-line using this same system. This memo will provide instructions you will need to complete each survey.

We are completely paperless with all three surveys and the processing catalog. For the Group B Planned Usage Survey and both Processing Surveys you will need to go to the commodity ordering website to complete and submit to ADE. The website address is [www.ade.az.gov/cnp2000](http://www.ade.az.gov/cnp2000). **When selecting each survey you must first select SY08.** If you feel you need a working copy of the surveys you can produce a screen print to get a hard copy to use before submitting each survey on-line.

Please review the survey names, due dates and type of surveys in the table below. The Processing surveys are only for schools that will be processing commodities. **All sponsors must submit the Planned Usage survey.**

<b>Survey Name</b>	<b>Survey Type</b>	<b>Due Date</b>
Planned Usage Survey <i><b>Survey #1065</b></i>	Basic B Commodities REQUIRED for ALL SPONSORS	February 12, 2007
Cheese only Processing Survey <i><b>Survey #1063</b></i>	Processing Survey	February 12, 2007
Remaining Commodities to be Processed Survey <i><b>Survey #1064</b></i>	Processing Survey	March 19, 2007

**\*\* NEW \*\*** Please refer to the Processing Catalog for SY 2008 when completing your processing surveys. The catalog has been re-designed this year, so things will look a little different. The actual Summary End Product Data Schedule (SEPDS) the processor submits to the state was scanned and saved in the catalog as a PDF document. If you have a problem locating the necessary information needed to complete your survey, please go to the FD website (<http://www.ade.az.gov/health-safety/cnp/fdp/catalog.asp>) to view a Commodity Diversion Worksheet Sample and a sample Catalog Page. This will help you figure out where the information is located on the catalog page or SEPDS. You may also contact one of the FD Processing staff if you have any questions (contact information is listed below). There is also a blank Commodity Diversion Worksheet on the website, to assist you in preparing your surveys.

The catalog itself can be found in the CNP 2000 web-based ordering system. There is a “**SY 07-08 Processing Catalog**” link on the menu to the left. You must have a login and password in order to access this system. In an effort to accommodate requests for confidentiality by processors, the catalog will no longer be available on our Food Distribution website. Please contact a member of the Food Distribution Team if you have trouble accessing the CNP2000 program.

All USDA orders will be placed in March and April based on your submitted surveys. Therefore, there will be **absolutely** no changes made during the upcoming school year to surveys once ADE processes them. It is very difficult to change or cancel an order during the school year after ADE has submitted orders to USDA. So be very certain that the vendors you choose to divert to are the companies you will be ordering product from throughout the school year.

## **INSTRUCTIONS AND RECOMMENDATIONS FOR COMPLETING SURVEYS**

### **SMI Recommendations**

When completing your school’s survey, please keep in mind the School Meal Initiative (SMI) guidelines and the ARS 15-242 nutrition standards. USDA commodities can be helpful to schools when planning your menu and lowering costs. In addition, all commodity foods, in moderation, can be incorporated to meet the SMI guidelines. However, the Arizona Department of Education encourages schools to take a look at their menus and incorporate the healthier commodity choices as often as possible. For instance, sponsors may want to choose a low fat cheese vs. a regular fat cheese. American processed cheese is high in sodium; therefore, schools may choose the low fat cheddar or mozzarella cheese which are both lower in sodium in its place. In addition, turkey and chicken choices are almost always lower in fat than beef choices.

The new nutrition guidelines outlined in ARS 15-242 **do not** pertain to School Breakfast Program or National School Lunch Program reimbursable meals. However, any program meal entrée or side dish sold as an a la carte item **must** meet ARS 15-242 nutrition standards. Therefore, you may need to consider ARS 15-242 if your school sells products containing commodity foods as a la carte. For the nutrition facts on all USDA commodities available to schools, please visit the USDA commodity website at <http://www.fns.usda.gov/fdd/facts/schfacts/NslpRptHome.htm>.

### Planned Usage Survey

- You can only order to receive Group B commodities for 9 months, from August through April.
- Commodities requested on the Group B survey will arrive at the commercial distributor and **must be ordered** out in the month requested/submitted on the survey.
- There will be other Group B commodities offered throughout SY08. Keep this in mind when spending entitlement.

### Cheese Only Survey

- When on-line, you will need to **select SY08** to access current surveys.
- Choose what commodity to process.
- Refer to the Commodity Processing Catalog on the Internet.
- The website lists all the information you need to determine type and quantity of commodities to divert, such as cost of end product and pounds needed to make a case. Use the information provided to determine number of cases to divert to each processor.
- If you need **entitlement transferred** into/from Group A and/or Group B, you will need to e-mail Tina Herzog at the e-mail address listed below and let her know how much you want transferred **before you enter and submit the surveys**.
- Since USDA requires ADE to divert only full trucks to vendors, we need you to identify a second and third choice processor in case we cannot divert a truck to your first choice.
- Both the cheese survey and the Group B Planned Usage survey **draw from the same entitlement dollars**. Prior to entering the requests for both surveys, make sure you have not exceeded entitlement or the surveys will not submit. Again, e-mail Tina Herzog at the e-mail address listed below if you need **entitlement transferred** into Group B from Group A.

### Remaining Commodities to be Processed Survey

- Once you are in the website and have selected the “survey entry form, **be sure to select SY08 for current surveys**.
- For those schools participating in the Department of Defense (DOD) program in SY08, deduct your original allocation of DOD dollars from your entitlement before you determine what you will be diverting.
- Refer to the Commodity Processing Catalog on the Internet (log onto CNP2000).

- The website lists all the information you need to determine type and quantity of commodities to divert, such as cost of end product and pounds needed to make a case. Use the information provided to determine number of cases to divert to each processor.
- If you need **entitlement transferred** into/from Group A and/or Group B, you will need to e-mail Tina Herzog at the e-mail address listed below and let her know how much you want transferred **before you enter and submit the surveys.**
- Since there are schools that do not use their allocation because they do not process, we will have additional cases available for those schools that are interested in more cases than what was allocated. **If you are interested in additional cases, identify quantity desired in the “additional units” column of the survey.** “Units to Process” column cannot exceed quantity allocated to district, which can be found to the right of the commodity description.
- Since USDA requires ADE to divert only full trucks to vendors, we need you to identify a second and third choice processor in case we cannot divert a truck to your first choice.
- Be advised that there are two different sizes for chicken and beef and certain processors can only process specific commodities based on their production set-up. Processors will designate on the Commodity Processing Catalog website which code they are able to process.
- **If you are sending the same commodity code to more than one processor,** please fax or e-mail a spreadsheet to us with column headings: “Commodity Code”, “Vendor”, and “quantity” to each. Our fax number and e-mail addresses are listed below. Otherwise all commodities will go to one processor.

### Net-Off Invoice

Every processor reimburses the value of the raw commodity to sponsors in a different way, i.e. Fee for Service, Refund, Discount. During SY 2006, the ADE had successfully implemented Net-Off Invoice (NOI). NOI will continue to be offered to Food Distribution sponsors through the following approved processors: McCain, JR Simplot, Tyson, Jennie-O, Con-Agra Lamb Weston, Schreiber, Land-O-Lakes and Pierre. MCI Foods and ConAgra Foodservice are currently conducting an NOI pilot in SY07.

Net-Off Invoice or “Value Pass Through” simply put will take the value of the raw commodity and deduct it from the price of the processed commodity. Thus, the sponsor will receive the net-off invoice price. It is the responsibility of the sponsor to ensure that they choose a processor who is approved for NOI with the Arizona Department of Education.

### Processing Fees

For each commodity that is processed, the case value of the raw commodity is drawn down from the districts’ entitlement. **The processor will charge a separate fee for the processing of the raw commodity into the end product. The district must pay the processing fee.** If the prices are identified on the web site as “delivered”, it means delivered to commercial distributor, unless the processor and the school have agreed upon other delivery arrangements. In addition, there is the distribution fee from the distributor to ship the cases to each delivery site. The State contract

for commodity distribution is only with US Food Service. If commodities are distributed by any other distributor, procurement must be met.

### Survey Submission

Once the surveys are completed and submitted on-line by all districts, ADE will consolidate and coordinate the USDA commodity orders. **The surveys do not guarantee a diversion or order, so sponsors need to use the confirmations sent by ADE to determine the final case quantity ordered and cost drawn against the sponsor's entitlement.** To remind each school of their requested Group B commodities, allocations will be posted each month prior to the month of the requested order. It is with this allocation that districts should place their Group B orders.

NOTE: In the Group B Planned Usage survey, ignore the column titled "Processing Fee Per Case". It is not applicable to this survey.

ADE will mail processing confirmations to each district. The final diversions are based on your confirmations. We will also notify all processors and brokers of the confirmed diversion results. It is the responsibility of the processor and/or broker to contact each district to prepare orders of the products, coordinate and determine delivery dates requested by each district.

If you have any questions regarding end products or the calculation of donated foods, please contact the appropriate processor/broker. If you have questions regarding the completion and submission of the surveys, you may contact Tina Herzog, Leona Benally, or Dawn Irvine.

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